Project Agreement

(Mizoram State Roads II – Regional Transport Connectivity Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

STATE OF MIZORAM

Dated August 26, 2014
PROJECT AGREEMENT

Agreement dated August 28, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and STATE OF MIZORAM ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between INDIA ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project, through the PWD, in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Principal Secretary of PWD, Government of Mizoram.

4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America
4.03. The Project Implementing Entity's Address is:

Principal Secretary
Public Works Department
Chief Minister's Office
McDonald Hill, Zarkawt,
Aizawl 796 001
Mizoram

Facsimile:

+91-389-2345629

AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
Authorized Representative

Name: Onno Buhl
Title: Country Director, India

STATE OF MIZORAM

By [Signature]
Authorized Representative

Name: Renbis Singh
Title: President Commissioner Mizoram House, New Delhi
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall vest the overall responsibility for the implementation of Project activities in the PWD. To this end, the Project Implementing Entity shall:

(a) maintain throughout the period of implementation of the Project, a High Level Project Steering Committee, headed by the Chief Secretary and with the participation of the secretaries of PWD, the Finance Department, the Forest Department, the Planning Department, the Revenue Department, the Rural Development Department and the Trade Department, to periodically review and provide policy guidance for Project implementation;

(b) maintain throughout the period of implementation of the Project, a Project Implementation Unit (PIU) assisted by competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, vested with powers, financial resources, functions and competences, acceptable to the Association, to serve as the focal unit for the carrying out of the day-to-day implementation of Project activities;

(c) maintain throughout the period of implementation of the Project, an Environmental and Social Cell within the PIU, with competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, vested with powers, financial resources, functions and competences, acceptable to the Association, in order to: (i) assist the PWD with the preparation and/or implementation of the Safeguard Documents; (ii) monitor and evaluate contractors’ and consultants’ compliance therewith, and report their outcome to the PWD and the Association; and (iii) carry out any necessary updates thereto;

(d) maintain throughout the period of implementation of the Project, a Procurement and Contracts Management Cell within the PIU, headed by an Executive Engineer, assisted with competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association, vested with powers, financial resources, functions and competences, acceptable to the Association, in order to carry out all procurement activity under the Project, including contract management responsibilities;

(e) maintain throughout the period of implementation of civil works, a District-specific Field Division for such District comprised of competent, experienced and qualified staff, in sufficient numbers and under terms of reference acceptable to the Association; which division shall be vested with such powers, financial resources, functions and competencies acceptable to the Association as shall be
required in order to assist the PIU with the carrying out of the day-to-day implementation of Project activities in the respective District; and

(f) establish by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation, a Road Sector Modernization Group (RSMG), headed by the Engineer-in-Chief of PWD; which group shall be vested with powers, functions, competencies and resources acceptable to the Association, as shall be required to plan, review, prioritize and facilitate/expedite the PIU’s implementation of activities under Component B of the Project.

2. The Project Implementing Entity shall select and hire:

(a) by no later than February 28, 2015, and thereafter maintain throughout the period of implementation of the Project, a consulting firm or individual consultants (the “Project Management Consultant”), with qualifications and experience satisfactory to the Association; which firm shall assist the PIU, with the management and coordination of Project implementation (until the deployment of the Construction Supervision Consultant), including, inter alia: (i) the preparation of bidding documents and subsequent changes/variations thereof; (ii) the preparation of terms of references and requests for proposal, as well the evaluation of technical and financial proposals; (iii) the handling of contractual matters and procurement disputes; (iv) the carrying out of monitoring and supervision activities; and (v) the preparation of Project Reports and the interim financial reports set forth in Sections II.A, and II.B.2 of this Schedule; and

(b) by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, the services of a roads and infrastructure works quality audit consulting firm (the “Construction Supervision Consultant”) with qualification and experience and under terms of reference acceptable to the Association, in order to assist PIU with, inter alia: (i) the certification of the timing, quality and standards of road/infrastructure improvement works; and (ii) contractors’ performance and compliance with statutory/regulatory requirements, governmental permits, and the actions (mitigation measures, compensations and standards) set forth in the applicable Safeguard Documents.

B. Governance and Accountability Action Plan Project Documents

1. The Project Implementing Entity shall

(a) implement the Project in accordance with the GAAP; provided however that in the event of conflict between the provisions of said plan, on the one hand, and those of this Agreement, on the other hand, the provisions of the latter shall prevail; and

(b) refrain from amending, suspending, waiving, and/or voiding any provision of the GAAP, whether in whole or in part, without the agreement of the Association.
C. **Anti-Corruption**

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. **Mizoram Road Fund**

The Project Implementing Entity shall, by no later than December 31, 2014, operationalize the Mizoram Road Fund for road rehabilitation, maintenance and repair, by capitalizing the fund with Mizoram's own resources pursuant to the Mizoram Road Fund Act, 2007, in order to reach a minimum funding level agreed with the Association, including at least one hundred fifty million Indian Rupees allocation per annum, commencing as of April 1, 2015, for the financing and implementation of pilot road maintenance contracts.

E. **Safeguards**

1. The Project Implementing Entity shall:

   (a) carry out the Project in accordance with the EMF, the SMF, and the EIAs, EMPs, SIA, RAP&IPDP prepared and/or to be prepared pursuant to paragraph 2 of this sub-section in accordance with the objectives, policies, procedures, time schedules, compensation arrangements and other provisions set forth in the EMF and SMF (together, the “Safeguard Documents”), in each case, in a manner and substance satisfactory to the Association; and

   (b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Association.

2. With respect to the upgrade of Lunglei – Tlabung – Kawrpuchhua Road as well as any civil works to be implemented under sub-Component A.2 and/or Component B of the Project, the Project Implementing Entity shall refrain from inviting any bids or undertaking any preparatory works, until and unless:

   (a) the proposed construction/upgrading activities have been screened by the PWD's Environmental and Social Cell, in accordance with the guidelines, standards and procedures set forth in the EMF and the SMF; and PWD has produced any required EMP and any required RAP&IPDP as applicable to said activities;

   (b) the Association has reviewed the respective EIA, EMP, SIA and RAP&IPDP, as applicable to said activities, and has found them to be acceptable; and

   (c) the foregoing Safeguard Documents have been publicly disclosed by the Project Implementing Entity, in local language(s), at the relevant Project's sites, at least one hundred and twenty (120) days prior to the award of the contract for the related works.
3. The Project Implementing Entity shall ensure that, prior to commencing any civil works on a road or sections thereof, as well any ancillary infrastructure under the Project:

(a) all necessary governmental permits and clearances for such civil works in the relevant road, section, of ancillary infrastructure shall have been obtained from the competent governmental authority/ies;

(b) all pre-construction stage conditions imposed by the governmental authority/ies under such permit(s) or clearance(s) shall have been complied with/fulfilled; and

(c) all resettlement measures set forth in the applicable RAP&IPDP (if any), shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Affected Persons, as per the entitlements provided in the SMF and/or the applicable RAP&IPDP.

4. The Project Implementing Entity shall ensure that each contract for civil works under the Project include the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

5. The Project Implementing Entity shall:

(a) maintain monitoring and evaluation protocols and record keeping procedures acceptable to the Association and adequate to enable the Recipient, the PWD and the Association to supervise and assess, on an on-going basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof; and

(b) furnish to the Association, throughout the period of Project implementation:

(i) quarterly reports prepared by the Environmental and Social Cell, with the assistance of the Project Management Consultant, on the physical and financial progress of Project activities, the general compliance with the Safeguard Documents, the social and environmental impact of Project activities, and the results of the mitigation or benefit-enhancing measures applied thereto, during the period preceding the date of each such report; and

(ii) quarterly reports prepared by the respective Construction Supervision Consultants, assessing the contractors’ general compliance with the Safeguard Documents and the respective works contracts, monitor the efficacy of the social and environmental management measures, and the results of the mitigation or benefit-enhancing measures applied thereto, with particular emphasis on the implementation and results of resettlement activities, during the period preceding the date of each such report.
6. The Project Implementing Entity shall ensure that the following Project expenditures are financed exclusively out of the Project Implementing Entity's own resources, and, to this end, shall provide, as promptly as needed, the resources required therefor, namely:

(a) all land acquisition required for the purpose of the Project; and

(b) any compensation, resettlement and rehabilitation assistance or payments to Affected Persons in accordance with the provision of the applicable RAP&IPDP.

7. In the event of any conflict between the provisions of any of the Safeguard Documents, on the one hand, and the provisions of this Agreement and/or the Financing Agreement, on the other hand, the provisions of this Agreement and/or the Financing Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall: (a) prepare the Project execution/completion report referred to in Section 4.08 (c) of the General Conditions; and (b) furnish it to the Recipient and the Association not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provision of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient and the Association, not later than forty-five (45) days after the end of each calendar quarter, an interim financial report for the Project covering the quarter in form and substance satisfactory to the Association.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not
later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III to Schedule 2 to the Financing Agreement.